



M E M O R A N D U M
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR

TO: Honorable Rebeca Sosa, Commissioner,
District 6

DATE: June 29, 2005

FROM: Charles Anderson, CPA
Commission Auditor

SUBJECT: Ad Valorem Tax
Information

The attached spreadsheet and Amendment 10 information are in response to your email request for information about taxes for an average \$200,000 home for FYs 03-04, 04-05 and 05-06. The spreadsheet shows an example for a home meeting the criteria in each of the municipalities in Miami-Dade County and in UMMA. In each case, it assumes:

Assessed value =	\$200,000
Homestead exemption =	<u>\$25,000</u>
Taxable value =	\$175,000

Please be aware that, in reality, a homestead property that was assessed for \$200,000 in 2003 is likely to have risen in assessed value each year at a rate equal to CPI or 3%, whichever is lower (as limited by Amendment 10). Therefore, ad valorem taxes will increase each year unless the assessed millage is reduced proportionally to offset the affect of the increase in assessed value.

Attachments:

#1 Spreadsheet

#2 Amendment 10 Information

Attachment #1

Municipalities or County Areas	Total Millage			Property Taxes		
	FY 2003-04	FY 2004-05	FY 2005-06 (Proposed)	FY 2003-04	FY 2004-05	FY 2005-06 (Proposed)
	Total Millage 2003	Total Millage 2004	Total Millage 2005 If Millages Set by Non- County Entities at 2004 Rates	2003 Total (\$200,000 Assessed Value & \$25,000 Homestead Exemption)	2004 Total (\$200,000 Assessed Value & \$25,000 Homestead Exemption)	2005 Total (\$200,000 Assessed Value & \$25,000 Homestead Exemption) If Millages of Other Districts at 2004 Rates
Miami	26.81800	26.23895	26.17095	\$4,711	\$4,582	\$4,580
Miami (DDA)	27.41800	26.73895	26.67095	\$4,798	\$4,679	\$4,667
Miami Beach	25.24850	24.74570	24.67770	\$4,418	\$4,330	\$4,319
Miami Beach	26.37150	25.86870	25.80070	\$4,615	\$4,527	\$4,515
Coral Gables	23.06550	22.56270	22.49470	\$4,036	\$3,948	\$3,937
Hialeah	24.11750	23.18670	23.11870	\$4,221	\$4,058	\$4,046
Miami Springs	28.42310	27.88520	27.81720	\$4,974	\$4,880	\$4,868
North Miami	28.00800	27.47990	27.41190	\$4,901	\$4,809	\$4,797
North Miami Beach	28.14620	27.52890	27.46090	\$4,926	\$4,818	\$4,806
North Miami Beach	20.64620	20.02890	19.96090	\$3,613	\$3,505	\$3,493
Opa-Locka	29.05050	28.54770	28.47970	\$5,084	\$4,996	\$4,984
Opa-Locka	19.25050	18.74770	18.67970	\$3,369	\$3,281	\$3,269
South Miami	27.10950	26.44670	26.37870	\$4,744	\$4,628	\$4,616
Homestead	27.98650	26.98370	26.91570	\$4,898	\$4,722	\$4,710
Miami Shores	27.51560	28.12280	28.05480	\$4,815	\$4,921	\$4,910
Bal Harbour	22.15250	21.64870	21.58170	\$3,877	\$3,789	\$3,777
Bay Harbor Island	24.25050	23.74770	23.67970	\$4,244	\$4,156	\$4,144
Surfside	24.85350	24.35070	24.28270	\$4,349	\$4,261	\$4,249
West Miami	28.23150	27.72870	27.66070	\$4,941	\$4,853	\$4,841
Florida City	28.63650	28.13370	28.06570	\$5,011	\$4,923	\$4,911
Biscayne Park	27.63650	27.13370	27.06570	\$4,836	\$4,748	\$4,736
El Portal	28.43650	27.93370	27.86570	\$4,978	\$4,888	\$4,876
Golden Beach	28.32650	27.82370	27.75570	\$4,957	\$4,869	\$4,857
Pinecrest	22.13650	21.63370	21.56570	\$3,874	\$3,786	\$3,774
Indian Creek	30.31150	29.68370	29.61570	\$5,305	\$5,195	\$5,183
Medley	27.18650	26.48370	26.41570	\$4,758	\$4,635	\$4,623
North Bay Village	25.94880	25.44600	25.37800	\$4,541	\$4,453	\$4,441
Key Biscayne	20.68150	20.17870	20.11070	\$3,619	\$3,531	\$3,519
Sweetwater	23.68519	23.18240	23.11440	\$4,146	\$4,057	\$4,045
Virginia Gardens	24.57950	24.07670	24.00870	\$4,301	\$4,213	\$4,202
Hialeah Gardens	25.85650	25.35370	25.28570	\$4,525	\$4,437	\$4,425
Aventura	21.96350	21.46070	21.39270	\$3,844	\$3,756	\$3,744
Islandia	26.69650	26.06430	25.99630	\$4,672	\$4,561	\$4,549
County	22.18350	21.68070	21.61270	\$3,882	\$3,794	\$3,782
Sunny Isles	23.08650	22.58370	22.51570	\$4,040	\$3,952	\$3,940
Miami Lakes	22.70460	22.14570	22.07770	\$3,973	\$3,875	\$3,864
Palmetto Bay	22.18350	21.68070	21.61270	\$3,882	\$3,794	\$3,782
Miami Gardens	See "County"	22.88210	22.81410	See "County"	\$4,004	\$3,992
Doral	See "County"	21.68070	21.61270	See "County"	\$3,794	\$3,782
Millages Set by County						
Taxing Unit	FY 2003-04 Actual Millage	FY 2004-05 Actual Millage	FY 2005-06 Proposed Millage	Percent Change From FY 2004-05 Millage		
Countywide Operating	5.969	5.935	5.867	-1.10%		
Miami-Dade Fire Rescue Service District	2.582	2.582	2.609	0.70%		
Miami-Dade Public Library System	0.486	0.486	0.486	0.00%		
Total Millage Subject to 10 Mill Cap	9.037	9.013	8.962	-0.60%		
Unincorporated Municipal Service Area (UMSA)	2.447	2.447	2.447	0.00%		
Voted Millages -- Debt Service						
Countywide	0.285	0.285	0.285	0.00%		
Fire Rescue District Special Obligation Bond	0.079	0.069	0.052	-24.60%		
Sum of Operating and Debt Millages	11.848	11.814	11.746	-0.60%		

Amendment #2

Important Information for Homeowners and Buyers: the Impact of Amendment 10

Source: <http://www.miamidade.gov/pa/amendment10.asp>

Understanding Amendment 10 will help you avoid being surprised by higher real estate taxes. Amendment 10 was born in 1992 when voters amended the Florida Constitution so that the Assessed Value of properties with Homestead Exemption (HEX) are capped at 3% or the Consumer Price Index (CPI), whichever is less. The key to understanding Amendment 10 is the chain of events triggered by the title change of a home with HEX – such as when a home sells. First, the cap is removed from the Assessed Value. As a result, the Assessed Value (see 5 below) may increase. If the Assessed Value rises, then so does the Taxable Value (see 6 below). And when the Taxable Value increases, the taxes of your home may jump.

As you can see, HEX and the Amendment 10 cap are linked. HEX is not transferable. However, a new homeowner may inherit the previous owner's HEX. (If HEX is granted, it is only to the owner of record as of January 1.) If the buyer does inherit HEX, the Assessed Value remains capped only for the current year. When the cap is removed the next year, the Assessed Value equals the Market Value (see 4 below). If the Market Value of your home is currently higher than the Assessed Value of previous years, there is no escaping a rise in the Assessed Value. Once the Assessed Value increases so too does the Taxable Value of your home. When the Taxable Value rises, typically the real estate taxes increase (see the example below). For the uninformed, the tax surprise can arrive on the first bill if the buyer **did not** inherit the seller's HEX or on the subsequent bill if the buyer **did** inherit HEX.

To understand when the Assessed Value of your new home is capped, you must know your Base Year. The first year that a homeowner applies for and receives HEX is called the Base Year. The cap is only applied to the Assessed Value in the years following your Base Year. In the Base Year the law requires that the Assessed Value equal the Market Value. If as a new owner you want to receive HEX, then you **must apply for HEX** on or before the March 1 deadline of the next year. The cap remains so long as the title remains unchanged and the homeowner continuously receives HEX on the same home. (For exceptions see Chapter 193.155, Florida Statutes.) New construction, alterations or improvements are not capped the first year they are placed on the tax roll but are thereafter.

Example of How Amendment 10 Works

Example assumes that you bought a home in 2003 in a neighborhood with rapidly rising sale prices.

Year	2001 ¹	2002	2003 ²	2004 ³
Market Value ⁴	\$150,000	\$175,000	\$200,000	\$250,000
Assessed Value ⁵	\$150,000	\$152,400	\$156,058	\$250,000
Amendment 10 Cap Rate	No Cap (Seller's Base Year)	1.6% (2002 CPI)	2.4% (2003 CPI)	No Cap (Buyer's Base Year)
Savings in Assessed Value Per Amendment 10 Cap	0	\$22,600	\$43,942	0
Homestead Exemption (HEX)	\$25,000	\$25,000	\$25,000	\$25,000
Taxable Value ⁶	\$125,000	\$127,400	\$131,058	\$225,000
Taxes (Hypothetical) ⁷	\$3125	\$3185	\$3276	\$5625

Amendment #2

¹Seller purchased home April 15, 2000. (Therefore, the seller's Base Year is 2001 after being granted HEX for 2001.)

²Buyer (you) purchased home on February 14, 2003 and inherited the HEX for 2003.

³Base year due to a change in ownership and granting of HEX to buyer for 2004. In the Base Year the Market Value equals Assessed Value. In this example, the Assessed Value increased approximately \$93,900 or 60%.

⁴ Market Value -- a.k.a. Just Value -- is an estimate of what the home would sell for after the costs of are subtracted. This estimate is based on recent and comparable home sales and if there are any, residential vacant sales.

⁵ Assessed Value is the value after Amendment 10 is applied to the Market Value.

⁶ Taxable Value is the dollar amount used to calculate property taxes (see 7 below).

⁷ These taxes are hypothetical because each year the millage usually changes. Your property taxes are calculated by dividing the Taxable Value by 1000, multiplying by the millage, and adding any non-ad valorem taxes such as waste, special taxing districts, road, fire, etc. For the sake of simplicity this example uses a millage of \$25 per thousand dollars of Taxable Value and excludes non-ad valorem taxes.